

**CONTRACT #5**  
**RFS # 318.66-050**

**Department of Finance &  
Administration/Bureau of  
TennCare**

**VENDOR:**  
**Tennessee Behavioral Health,**  
**Inc.**  
**(East Grand Region)**



**STATE OF TENNESSEE  
BUREAU OF TENNCARE  
310 Great Circle Road  
NASHVILLE, TENNESSEE 37243**

**August 4, 2005**

**Mr. Jim White, Director  
Fiscal Review Committee  
8<sup>th</sup> Floor, Rachel Jackson Bldg.  
Nashville, TN 37243**

**Attention: Leni Chick**

**RE: Bureau of TennCare Contracts Submitted for Fiscal Review**

**Dear Mr. White:**

The Department of Finance and Administration, Bureau of TennCare, is submitting for consideration by the Fiscal Review Committee the following Behavioral Health Organization amendments. These amendments will establish payment rates for the remainder of Fiscal Year '06. These rates are based on data received from the actuarial with whom TennCare has contracted to establish BHO and MCO capitation rates. All three of these behavioral health amendments reflect reduction of the maximum liability for the fiscal year.

Tennessee Behavioral Health, Inc. Middle & West Tennessee	FA-01-14551-12
Tennessee Behavioral Health, Inc. East Tennessee Grand Region	FA-05-16089-03
Premier Behavioral Health System Of Tennessee, LLC	FA-01-14662-13

We would greatly appreciate the consideration and approval of these amendments by the Fiscal Review Committee.

Sincerely,

**J. D. Hickey  
Deputy Commissioner**

**Cc: Keith Gaither  
Alma Chilton**

# REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance &amp; Administration

Date:

Each of the request items below indicates specific information that must be individually detailed or addressed as required.  
A REQUEST CAN NOT BE CONSIDERED IF INFORMATION PROVIDED IS INCOMPLETE, NON-RESPONSIVE, OR DOES NOT  
CLEARLY ADDRESS EACH OF THE REQUIREMENTS INDIVIDUALLY AS REQUIRED.

RFS #

318.66-050

STATE AGENCY NAME :

Department of Finance and Administration  
Bureau of TennCare

SERVICE CAPTION :

Behavioral Health Organizations Providing Medically Necessary Behavioral Services to the  
TennCare/Medicaid Population in Tennessee East Grand Region

CONTRACT #

FA-05-16089-00

PROPOSED AMENDMENT #

3

CONTRACTOR :

Tennessee Behavioral Health, Inc.

CONTRACT START DATE :

07/01/2004

CURRENT, LATEST POSSIBLE END DATE :  
(including ALL options to extend)

06/30/2006

CURRENT MAXIMUM LIABILITY :

\$335,751,112.00

LATEST POSSIBLE END DATE WITH PROPOSED AMENDMENT :  
(including ALL options to extend)

06/30/2006

TOTAL MAXIMUM COST WITH PROPOSED AMENDMENT :  
(including ALL options to extend)

\$326,044,256.00

APPROVAL CRITERIA :  
(select one)

use of Non-Competitive Negotiation is in the best interest of the state



only one uniquely qualified service provider able to provide the service

ADDITIONAL REQUIRED REQUEST DETAILS BELOW (address each item immediately following the requirement text)

(1) description of the proposed additional service and amendment effects :

This amendment establishes payments rates provided by actuarial contractor that will continue through FY '06.

(2) explanation of need for the proposed amendment :

This amendment is needed in order to establish payment mechanisms for remaining period of FY '06 in order to continue behavioral health services for TennCare enrollees.

(3) **name and address of the proposed contractor's principal owner(s) :**  
(not required if proposed contractor is a state education institution)

Dr. Russ Petrella, Chief Operating Officer  
Magellan Behavioral Health  
199 Pomeroy Road, 3rd Floor  
Parsippany, New Jersey 07054

(4) **documentation of OIR endorsement of the Non-Competitive procurement request :**  
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

(5) **documentation of Department of Personnel endorsement of the Non-Competitive procurement request :**  
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

(6) **description of procuring agency efforts to identify reasonable, competitive, procurement alternatives rather than to use non-competitive negotiation :**

This contract for Behavioral Health Services for the State has been in effect since 2001. This amendment to the existing contract will ensure that services to recipients will continue without interruption and that payment rates are established for period to continue throughout FY '06. This amendment results in a reduction of funding for FY'06.

(7) **justification of why the F&A Commissioner should approve a Non-Competitive Amendment :**

The approval of this amendment by F&A will ensure the best interests of TennCare enrollees will be served. Based on the network of providers that Premier Behavioral Health Systems currently has, TennCare is confident that the modifications of this agreement will prevent any disruption of services to enrollees.

**AGENCY HEAD REQUEST SIGNATURE:**

(must be signed by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR — signature by an authorized signatory will be accepted only in documented exigent circumstances)

**SIGNATURE DATE:**

**CONTRACT SUMMARY SHEET**

<b>RFS Number:</b>	318.66-050	<b>Contract Number:</b>	FA-05-16089-03
<b>State Agency:</b>	Department of Finance and Administration	<b>Division:</b>	TennCare
<b>Contractor</b>		<b>Contractor Identification Number</b>	
Tennessee Behavioral Health, Inc.		X	V-
			C-
621621636 01			

**Service Description**

Behavioral Health Services to Enrollees in the TennCare Partners Program in Tennessee East Grand Region

<b>Contract Begin Date</b>				<b>Contract End Date</b>			
7/1/2004				6/30/2006			
<b>Allotment Code</b>	<b>Cost Center</b>	<b>Object Code</b>	<b>Fund</b>	<b>Grant</b>	<b>Grant Code</b>	<b>Subgrant Code</b>	
318.66	133	134	11	on STARS			
<b>FY</b>	<b>State Funds</b>	<b>Federal Funds</b>	<b>Interdepartmental Funds</b>	<b>Other Funding</b>	<b>Total Contract Amount Include ALL amendments</b>		
2005	\$59,243,280.00	\$108,632,276.00			\$167,875,556.00		
2006	\$55,817,740.00	\$102,350,960.00			\$158,168,700.00		
					\$0.00		
					\$0.00		
<b>Total:</b>	\$115,061,020.00	\$210,983,236.00	\$0.00	\$0.00	\$326,044,256.00		

<b>CFDA Number:</b>	93.778 Department of Health and Human Services	<b>Check the box (below) ONLY if the answer is YES</b>	
<b>State Fiscal Contact</b>		<b>Is the Contractor a SUBRECIPIENT? (per OMB A-133)</b>	X
<b>Name:</b>	Scott Pierce	<b>Is the Contractor a VENDOR? (per OMB A-133)</b>	
<b>Address:</b>	310 Great Circle Road	<b>Is the Fiscal Year Funding STRICTLY LIMITED?</b>	
<b>Phone:</b>	615-507-6415	<b>Is the Contractor on STARS?</b>	
<b>Procuring Agency Budget Officer Signature</b>		<b>Is the Contractor's FORM W-9 ATTACHED?</b>	
		<b>Is the Contractors Form W-9 Filed with Accounts?</b>	

**COMPLETE FOR ALL AMENDMENTS (only)**

		<b>Base Contract &amp; Prior Amendments</b>	<b>This Amendment ONLY</b>
<b>End Date &gt;</b>		6/30/2006	
<b>FY:</b>	2005	\$167,875,556.00	
<b>FY:</b>	2006	\$167,875,556.00	-\$9,706,856.00
<b>FY:</b>			
<b>FY:</b>			
<b>FY:</b>			
<b>FY:</b>			
<b>Totals:</b>		\$335,751,112.00	-\$9,706,856.00

Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.

**AMENDMENT NUMBER 3  
to Contract Number FA-05-16089-00**

**PROVIDER RISK CONTRACT**

**BETWEEN**

**THE STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH AND  
DEVELOPMENTAL DISABILITIES**

**AND**

**TENNESSEE BEHAVIORAL HEALTH, INC.  
IN THE EAST TENNESSEE GRAND REGION**

For and in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to clarify and/or amend the Provider Risk Agreement by and between the State of Tennessee Department of Mental Health and Developmental Disabilities, hereinafter referred to as **TDMHDD**, and Tennessee Behavioral Health, Inc. hereinafter referred to as the **Contractor**, as follows:

Titles and numbering of paragraphs used herein are for the purpose of facilitating use of reference only and shall not be construed to infer a contractual construction of language. The changes in this amendment shall become effective, unless stated otherwise in this document, on August 1, 2005.

1. Section 4.7.1 shall be amended by adding the following language:

For the period July 1, 2005, through June 30, 2006, the maximum liability of the State for the TennCare Partners Program in the East Tennessee grand region shall be One Hundred Fifty-Eight Million, One Hundred Sixty-Eight Thousand Seven Hundred Dollars (\$158,168,700.00).

2. Section 4.7.2 shall be amended by adding a new paragraph and chart. This new language will be inserted at the end of the current third paragraph and shall read as follows:

The Rates in Table 2 shall be applicable from August 1, 2005 through June 30, 2006.

**Table 2: Rates**

PAYMENT RATE CATEGORY	PER MEMBER/ PER MONTH RATE
Priority Population age 0-12	\$285.56
Priority Population age 13-17	\$390.27
Priority Population age 18 and above	\$221.30
Non-Priority Population age 0-12	\$2.91
Non-Priority Population age 13-17	\$19.62
Non-Priority Population age 18 and above	\$5.67

These rates include the nine- percent (9%) administrative fees and the two- percent (2%) premium taxes.

All of the provisions of the original CONTRACT not specifically deleted or modified herein shall remain in full force and effect. Unless a provision contained in this Amendment specifically indicates a different effective date, for purposes of the provisions contained herein, this Amendment shall become effective, or as of the date it is approved by the U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services.

IN WITNESS WHEREOF, the parties have by there duly authorized representatives set their signature.

\_\_\_\_\_  
Russell C. Petrella, Ph.D.  
Vice President  
Tennessee Behavioral Health, Inc.

\_\_\_\_\_  
DATE

TENNESSEE DEPARTMENT OF MENTAL  
HEALTH AND DEVELOPMENTAL DISABILITIES

\_\_\_\_\_  
Virginia Trotter Betts, MSN, JD, RN, FAAN  
Commissioner

\_\_\_\_\_  
DATE

TENNESSEE DEPARTMENT OF  
FINANCE AND ADMINISTRATION  
BUREAU OF TENNCARE:

\_\_\_\_\_  
M.D. Goetz, Jr.  
Commissioner

\_\_\_\_\_  
DATE

APPROVED:

TENNESSEE DEPARTMENT OF  
FINANCE AND ADMINISTRATION:

\_\_\_\_\_  
M.D. Goetz, Jr.  
Commissioner

\_\_\_\_\_  
DATE

COMPTROLLER OF TREASURY:

\_\_\_\_\_  
John G. Morgan  
Comptroller of Treasury

\_\_\_\_\_  
DATE



**CONTRACT SUMMARY SHEET**

<b>RFS Number:</b>	318.66-050	<b>Contract Number:</b>	FA-05-16089-02
<b>State Agency:</b>	Department of Finance and Administration	<b>Division:</b>	TennCare
<b>Contractor:</b>		<b>Contractor Identification Number:</b>	
Tennessee Behavioral Health, Inc.		X	V-
			C-
		621621636 01	

**Service Description:**  
Behavioral Health Services to Enrollees in the TennCare Partners Program in Tennessee East Grand Region

<b>Contract Begin Date:</b>	<b>Contract End Date:</b>
7/1/2004	6/30/2006

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
318.66	133	134	11	on STARS		
FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount Include ALL amendments	
2005	\$59,243,280.00	\$108,632,276.00			\$167,875,556.00	
2006	\$59,243,280.00	\$108,632,276.00			\$167,875,556.00	
					\$0.00	
					\$0.00	
<b>Total</b>	\$118,486,560.00	\$217,264,552.00	\$0.00	\$0.00	\$335,751,112.00	

<b>CFDA Number:</b>	93.778 Department of Health and Human Services	<b>Check the box (below) ONLY if the answer is YES</b>	
<b>State Fiscal Contact:</b>		<b>Is the Contractor a SUBRECIPIENT? (per OMB A-133)</b>	X
<b>Name:</b>	Scott Pierce	<b>Is the Contractor a VENDOR? (per OMB A-133)</b>	
<b>Address:</b>	729 Church Street Nashville, TN	<b>Is the Fiscal Year Funding STRICTLY LIMITED?</b>	
<b>Phone:</b>	615-532-1362	<b>Is the Contractor on STARS?</b>	
<b>Procuring Agency Budget Officer Signature:</b>		<b>Is the Contractor's FORM W-9 ATTACHED?</b>	
		<b>Is the Contractor's Form W-9 Filed with Accounts?</b>	

<b>COMPLETE FOR ALL AMENDMENTS (only)</b>				<b>Funding Certification</b> Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.	
<b>Base Contract &amp; Prior Amendments</b>		<b>This Amendment ONLY</b>			
<b>End Date &gt;</b>	12/31/2005	6/30/2006			
<b>FY</b>	2005	\$167,875,556.00			
<b>FY</b>	2006	\$86,710,754.00	\$81,164,802.00		
<b>FY</b>					
<b>FY</b>					
<b>FY</b>					
<b>FY</b>					
<b>Totals</b>		\$254,586,310.00	\$81,164,802.00		

**CONTRACT SUMMARY SHEET**

RFS Number:	318.66-050	Contract Number:	FA-05-16089-01
State/Agency:	Department of Finance and Administration	Division:	TennCare
Contractor:		Contractor Identification Number:	
Tennessee Behavioral Health, Inc.		X	V-
			C-
		621621636 01	

**Service Description**

Behavioral Health Services to Enrollees in the TennCare Partners Program in Tennessee East Grand Region

Contract Begin Date:				Contract End Date:			
7/1/2004				12/31/2005			
Allotment Code:	Cost Center:	Object Code:	Fund:	Gran:	Grant Code:	Subgrant Code:	
318.66	133	134	11		on STARS		
FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding		Total Contract Amount include ALL amendments	
2005	\$59,243,280.00	\$108,632,276.00				\$167,875,556.00	
2006	\$30,602,400.00	\$56,108,354.00				\$86,710,754.00	
						\$0.00	
						\$0.00	
Total:	\$89,845,680.00	\$164,740,630.00	\$0.00	\$0.00		\$254,586,310.00	

CFDA Number:	93.778 Department of Health and Human Services	Check the box (below) ONLY if the answer is YES:	
State Fiscal Contact:		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	X
Name: Scott Pierce		Is the Contractor a VENDOR? (per OMB A-133)	
Address: 729 Church Street Nashville, TN		Is the Fiscal Year Funding STRICTLY LIMITED?	
Phone: 615-532-1362		Is the Contractor on STARS?	
Procuring Agency Budget Officer Signature:		Is the Contractor's FORM W-9 ATTACHED?	
		Is the Contractor's Form W-9 Filed with Accounts?	


**COMPLETE FOR ALL AMENDMENTS (only)**

	Base Contract & Prior Amendments	This Amendment ONLY
End Date >	12/31/2005	
FY 2005	\$173,421,508.00	-\$5,545,952.00
FY 2006	\$86,710,754.00	
FY		
FY		
FY		
FY		
Totals:	\$260,132,262.00	-\$5,545,952.00

Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.

RECEIVED

JUN 30 2005